

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

In re:

Chapter 11 Case No.

Lehman Brothers Holdings Inc., et al.,

08-13555

Debtors.

JULY 2016 POST-EFFECTIVE OPERATING REPORT

JULY 1, 2016 – JULY 31, 2016

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE OF PROFESSIONAL FEE AND EXPENSE DISBURSEMENTS

DEBTORS' ADDRESS: LEHMAN BROTHERS HOLDINGS INC.
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REPORT PREPARER: LEHMAN BROTHERS HOLDINGS INC., AS PLAN ADMINISTRATOR

Date: August 29, 2016

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SCHEDULE OF DEBTORS

The twenty three entities listed below (the “Debtors”) filed for bankruptcy in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) on the dates indicated below. On December 6, 2011, the Bankruptcy Court confirmed the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and its Affiliated Debtors (the “Plan”). On March 6, 2012, the “Effective Date” (as defined in the Plan) occurred. As of the date hereof, the following Debtors’ chapter 11 cases remain open:

	<u>Case No.</u>	<u>Date Filed</u>
Lehman Brothers Holdings Inc. (“LBHI”)	08-13555	9/15/2008
Lehman Brothers Commodity Services Inc. (“LBCS”)	08-13885	10/3/2008
Lehman Brothers Special Financing Inc. (“LBSF”)	08-13888	10/3/2008
Lehman Brothers OTC Derivatives Inc. (“LOT”).....	08-13893	10/3/2008
Lehman Brothers Derivative Products Inc. (“LBDP”)	08-13899	10/5/2008
Lehman Commercial Paper Inc. (“LCPI”).....	08-13900	10/5/2008
Lehman Brothers Commercial Corporation (“LBCC”)	08-13901	10/5/2008
Lehman Brothers Financial Products Inc.(“LBFP”)	08-13902	10/5/2008
Lehman Scottish Finance L.P.	08-13904	10/5/2008
East Dover Limited.....	08-13908	10/5/2008
Luxembourg Residential Properties Loan Finance S.a.r.l.....	09-10108	1/7/2009
BNC Mortgage LLC	09-10137	1/9/2009
LB Rose Ranch LLC	09-10560	2/9/2009
Structured Asset Securities Corporation.....	09-10558	2/9/2009
Merit LLC	09-17331	12/14/2009

The following Debtors’ chapter 11 cases were closed on January 28, 2016, pursuant to a final decree entered by the Bankruptcy Court (Docket No. 51920):

	<u>Case No.</u>	<u>Date Filed</u>	<u>Date Closed</u>
LB 745 LLC.....	08-13600	9/16/2008	1/28/2016
PAMI Statler Arms LLC.....	08-13664	9/23/2008	1/28/2016
CES Aviation LLC	08-13905	10/5/2008	1/28/2016
CES Aviation V LLC.....	08-13906	10/5/2008	1/28/2016
CES Aviation IX LLC	08-13907	10/5/2008	1/28/2016
LB 2080 Kalakaua Owners LLC	09-12516	4/23/2009	1/28/2016
LB Somerset LLC	09-17503	12/22/2009	1/28/2016
LB Preferred Somerset LLC	09-17505	12/22/2009	1/28/2016

The Company has established an email address to receive questions from readers regarding its financial disclosures. The Company plans to review questions received, and for those subjects which the Company determines a response would not (i) violate a confidentiality provision, (ii) place the Company in a competitive or negotiation disadvantage, or (iii) be unduly burdensome relative to the value of information requested, the Company shall endeavor to post a response (maintaining the anonymity of the originators of the questions). The Company assumes no obligation to respond to email inquiries.

Please email questions, with document references as relevant, to:

QUESTIONS@lehmanholdings.com

The Company’s previously posted responses can be found on the Epiq website maintained for the Company:

www.lehman-docket.com under the Key Documents tab and the Responses to Questions Submitted category

**LEHMAN BROTHERS HOLDINGS INC. AND OTHER DEBTORS AND DEBTOR-CONTROLLED
ENTITIES**

**BASIS OF PRESENTATION
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
JULY 1, 2016 – JULY 31, 2016**

The information and data included in this July 2016 Post-Effective Operating Report (the “Operating Report”) are derived from sources available to Lehman Brothers Holdings Inc. (“LBHI”), as Plan Administrator, and its Controlled Entities (collectively, the “Company”). The term “Controlled Entities” refers to those entities that are directly or indirectly controlled by LBHI, and excludes, among others, those entities that are under separate administrations in the United States or abroad. LBHI and certain of its Controlled Entities filed for protection under Chapter 11 of the Bankruptcy Code, and those entities are referred to herein as the “Debtors”. The Debtors’ Chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure. LBHI has prepared this Operating Report, which includes certain information as required by the Office of the US Trustee, based on the information available to LBHI at this time, but notes that such information may be incomplete and may be materially deficient in certain respects. This Operating Report is not meant to be relied upon as a complete description of the Debtors, their business, condition (financial or otherwise), results of operations, prospects, assets or liabilities. LBHI reserves all rights to revise this report.

Other items:

1. This Operating Report is not prepared in accordance with U.S. generally accepted accounting principles (GAAP), is not audited and will not be subject to audit or review by the Company’s external auditors at any time in the future. Cash balances and activity denominated in foreign currencies have been converted to US Dollars.
2. Beginning and ending balances include demand deposits, interest-bearing deposits with banks, U.S. and foreign money-market funds, U.S. government obligations, U.S. government guaranteed securities, investment grade corporate bonds and commercial paper, and AAA-rated asset-backed securities secured by auto loans and credit card receivables.
3. Beginning and ending cash balances are based on preliminary closing numbers and are subject to adjustment.
4. Beginning and ending cash and investment balances exclude the following:
 - Cash posted as collateral for hedging activity; and
 - Cash held at real estate owned properties or at third party real estate managers.

LEHMAN BROTHERS HOLDINGS INC. and other Debtors and Debtor-Controlled Entities
Schedule of Cash Receipts and Disbursements
July 1, 2016 - July 31, 2016

Unaudited (\$ in millions, foreign currencies reflected in USD equivalents)

		LBHI	LBSF	Debtors LCPI	Other	Total	Debtor-Controlled Entities Total	Total Debtors and Debtor-Controlled Entities
Beginning Free Cash and Investments (07/01/16)		\$ 193	\$ 31	\$ 90	\$ 314	\$ 628	\$ 380	\$ 1,008
Sources of Cash								
Commercial Real Estate	(a)	0	-	2	-	2	58	59
Loans (Corporate and Residential)		2	-	0	-	2	0	3
Private Equity / Principal Investing	(b)	2	-	-	-	2	41	43
Derivatives		-	2	-	-	2	-	2
Receipts from Affiliates	(c)	64	3	-	0	67	0	68
Other	(d)	29	0	0	0	30	0	30
Total Sources of Cash		98	5	2	0	105	99	204
Uses of Cash								
Non-Operating								
Commercial Real Estate		(2)	-	0	-	(1)	(3)	(4)
Loans (Corporate and Residential)		(9)	-	-	-	(9)	-	(9)
Private Equity / Principal Investing		-	-	-	-	-	(0)	(0)
Other		(8)	-	-	-	(8)	(0)	(8)
Operating Expenses	(e)							
Compensation and Benefits	(f)	(2)	-	-	-	(2)	(0)	(2)
Professional Fees		(12)	-	-	-	(12)	(0)	(13)
Other		(3)	(0)	(0)	(0)	(3)	(1)	(4)
Total Uses of Cash		(36)	(0)	0	(0)	(35)	(5)	(40)
Total Cash From Operations		62	5	2	0	69	94	164
Post-Petition Inter-Company Receipts		49	-	-	1	50	2	52
Dividend Receipts		-	-	-	-	-	1	1
Total Inter-Company Transfers Receipts	(g)	49	-	-	1	50	3	53
Post-Petition Inter-Company Disbursements		(2)	-	(49)	-	(50)	(2)	(52)
Dividend Disbursements		-	-	-	-	-	(1)	(1)
Total Inter-Company Transfers Disbursements	(g)	(2)	-	(49)	-	(50)	(3)	(53)
Plan Distributions		(18)	-	-	-	(18)	-	(18)
Total Payments to Creditors		(18)	-	-	-	(18)	-	(18)
Other		1	0	0	(0)	1	0	1
Reclass from/(to) Restricted Cash to Free Cash		20	-	-	(0)	20	(0)	20
Net changes in Free Cash and Investments		112	5	(47)	1	71	95	166
Ending Free Cash and Investments (07/31/16)		305	36	44	315	700	475	1,174
Beginning Restricted Cash (07/01/16)		3,448	984	1	315	4,749	37	4,786
Distributions on Allowed Claims (not remitted)		(18)	-	-	-	(18)	-	(18)
Secured, Admin, Priority Claims and Other		(2)	-	-	-	(2)	-	(2)
Other		0	-	-	0	0	0	0
Net Changes in Restricted Cash		(20)	-	-	0	(20)	0	(20)
Ending Restricted Cash (07/31/16)		3,429	984	1	315	4,730	37	4,766
Beginning Total Cash and Investments (07/01/16)		3,641	1,016	92	629	5,378	417	5,794
Net changes in Free Cash and Investments		112	5	(47)	1	71	95	166
Net changes in Restricted Cash		(20)	-	-	0	(20)	0	(20)
Ending Total Cash and Investments (07/31/16)	(h)	\$ 3,733	\$ 1,020	\$ 45	\$ 630	\$ 5,429	\$ 511	\$ 5,941

All values that are exactly zero are shown as "-". Values between zero and \$0.5 million appear as "0".
Totals may not foot due to rounding.

LEHMAN BROTHERS HOLDINGS INC. and other Debtors and Debtor-Controlled Entities
Schedule of Cash Receipts and Disbursements
July 1, 2016 - July 31, 2016

Unaudited (\$)

Notes:

- (a) Cash collections at Debtor-Controlled Entities primarily include proceeds at PAMI Holdings LLC of \$50 million.
- (b) Cash collections at Debtor-Controlled Entities primarily include distributions from limited partnership interests.
- (c) Receipts from Affiliates primarily includes (i) \$47 million from Lehman Brothers Australia Ltd to LBHI, (ii) \$8 million from LB UK RE Holdings Limited to LBHI, and (iii) \$5 million and \$3 million from Lehman Brothers Treasury Co B.V. to LBHI and LBSF, respectively.
- (d) Other includes net variation margin of \$29 million received on the Company's foreign currency hedging program related to various movements in the Euro, British Pound and Swiss Franc versus the US Dollar.
- (e) A portion of the Operating Expenses paid by LBHI is subject to allocations to, and reimbursement from, various Debtors and Debtor-Controlled Entities.
- (f) Compensation and Benefits includes the Company's employee expenses as well as fees paid to Alvarez & Marsal (A&M).
- (g) Inter-Company Receipts and Disbursements include partial repayments on intercompany balances, dividend distributions, and other administrative activities.
- (h) Ending Total Cash and Investments for Debtor-Controlled Entities - Other includes \$11 million of cash balances at Debtor-Controlled Entities in Asia.

**LEHMAN BROTHERS HOLDINGS INC. AND OTHER DEBTORS AND DEBTOR-CONTROLLED
ENTITIES**

**BASIS OF PRESENTATION
SCHEDULE OF PROFESSIONAL FEE AND EXPENSE DISBURSEMENTS
JULY 1, 2016 – JULY 31, 2016**

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1. This Operating Report is not prepared in accordance with U.S. generally accepted accounting principles (GAAP), is not audited and will not be subject to audit or review by the Company’s external auditors at any time in the future.
2. The professional fee disbursements presented in this report reflect the date of actual cash payments to professional service providers. The Company has incurred additional professional fee expenses during the reporting period that will be reflected in future Operating Reports as cash payments are made to providers.
3. The professional fee disbursements presented in this report have primarily been paid by LBHI; a portion of these fees have been and will be allocated to Debtors and certain Controlled Entities based on the dedicated costs associated with each entity and an allocation methodology.

LEHMAN BROTHERS HOLDINGS INC. and Other Debtors and Debtor-Controlled Entities
Schedule of Professional Fee and Expense Disbursements
July 2016 (a)

Unaudited (\$ in thousands)

		Jul-16	Year-to-date
Alvarez & Marsal LLC	Staff Resources	\$ 771	7,259
Professional Fees			
Allister Brown Group LLC	Document Review for Litigations	459	2,586
Cleomar Co. S. A.	Legal Experts for Litigations	171 (b)	392
Curtis, Mallet-Provost, Colt & Mosle LLP	Litigation Counsel	214	1,062
Epiq Bankruptcy Solutions LLC	Claims Management and Noticing Agent	219	1,546
F1 Technical Solutions, INC	Document Review for Litigations	-	1,459
Jones Day	Litigation Counsel	937 (b)	4,947
Milbank Tweed Hadley & McCloy, LLP	UCC Litigation Committee and Litigation Counsel	-	68
Paul, Hastings, Janofsky & Walker LLP	Special Counsel - Real Estate	160 (b)	996
Quinn Emanuel Urquhart Oliver & Hedges, LLP	Litigation Counsel	1,926	13,501
Recovco Mortgage Management LLC	RMBS - Private Label Litigation	556	8,763
Rollin Braswell Fisher LLC	Special Counsel - RMBS	582	4,037
SBCC Group, Inc	Legal Experts for Litigations	260	813
Weil Gotshal & Manges	Lead Counsel - Debtors	950	7,648
Willkie Farr & Gallagher LLP	Special Counsel - RMBS	858 (b)	3,385
Wollmuth Maher & Deutsch LLP	Special Counsel - Derivatives and RMBS	376	4,379
US Trustee Quarterly Fees		164	532
Other Professionals	Various	2,180 (c)	14,281
Sub-total Professional Fees		10,014	70,396
Total Professional Fees (including A&M)		10,785	77,655
Alvarez & Marsal LLC	Incentive fees	2,319	4,331
Houlihan Lokey Howard & Zukin Capital Inc.	Incentive fees	464	866
Total Incentive Fees		2,783 (d)	5,197
Total Professional and Incentive Fees		\$ 13,568	82,852

Note: The above list includes vendors that have been paid over \$1 million on a trailing 12 month basis and vendors that were paid over \$150 thousand for the month reported.

(a) The Company has incurred additional professional fee expenses that will be reflected in future Operating Reports.

(b) Reflects professional fees incurred over multiple months.

(c) Other Professionals reflect disbursements to approximately 100 vendors.

(d) Reflects incentive fees related to the Tenth Distribution to holders of Allowed Claims. Refer to Docket No. 32470 and Docket No. 32155 for additional information on Alvarez & Marsal and Houlihan Lokey incentive fees, respectively.